

UCOP - LANL

Overview of Bid Process

1998 Los Alamos National Laboratory Medical Plan Options



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Los Alamos, New Mexico



The RFP process

- ◆ **Time line**
- ◆ **Request for Proposal Process**
 - Framework
 - Analysis
 - Oral Interviews and Site Visits
 - Negotiations
- ◆ **Results**
 - Coverage of Employees and Retirees
 - Coverage of Others



The Request for Proposal (RFP)

- ◆ UCOP staff in coordination with LANL Benefits and senior management
- ◆ Discussions began July 1996
 - Obtained specific input about community needs & concerns
 - Developed strategies for addressing the majority of these issues
- ◆ Attachment C describes some of the events during which input was received and dialogue occurred

Bid process - POS & HMO Plans for 1998



- ◆ Consolidation of community input
- ◆ Discussions with Laboratory management
- ◆ RFP issued
 - Vendor written proposals due
 - Financial analysis
 - Oral interviews
 - Site visits
 - Reference checks
 - Bid award
 - Implementation with open enrollment 11/97



General time line

- ◆ **July 1996 - Collection of information on issues begins, continuing throughout the process**
- ◆ **February 4, 1997 - RFP issued to all eligible bidders**
- ◆ **March 5, 1997 - Bidder conference**
- ◆ **March 21, 1997 - Deadline for response from bidders to the RFP**



General time line (more)

- ◆ **April 1997 - UC consultants (Deloitte & Touche) and UCOP Benefits Office staff analyze written responses from**
 - **Blue Cross/Blue Shield New Mexico**
 - **Health Systems International (QualMed)**
 - **Lovelace**
 - **Presbyterian**



General time line (more)

- ◆ **May 9, 1997 - UCOP Benefits Office staff, consultants, and representatives from LANL management conduct oral interviews with four bidders**
- ◆ **May 13 and 14 - UCOP Benefits Office staff, consultants, and representatives from LANL management conduct site visits with finalists: Blue Cross/Blue Shield NM and Presbyterian**
- ◆ **May/July 1997 - Vendors “last best offers” finalized through negotiations**



Employee and community input

- ◆ **UCOP Benefits Office received ~ 1000 pages of written correspondence**
 - **Except for a few group letters, and those with no return address, all correspondence received written replies**
- ◆ **Q&A sessions with employees, retirees, and community groups (including health care providers) occurred throughout the RFP process**
 - **UCOP provided written responses to questions**
 - **Concerns and issues were “crosswalked” to the RFP (attachment A)**



RFP framework

- ◆ **RFP requested responses on both Point of Service (POS) and Health Maintenance Organization (HMO) and corresponding programs for retirees with Medicare**
- ◆ **RFP contained 367 specific questions**
 - **Administration**
 - **Claims process**
 - **Financial**
 - **Quality assurance programs**
 - **Network issues**



The bidders

- ◆ **When RFP was issued, there were five potential bidders licensed to operate in NM**
- ◆ **Prudential made a corporate decision to cease managed health care operations in NM**
- ◆ **Thus, the process was limited to only 4 bidders**
- ◆ **The process had to be completed in order to have open enrollment in November 1997**
- ◆ **Extension of Prudential contract is not an option**

Bidders had to meet “minimum requirements” in RFP



- ◆ In order to be considered, minimum requirements had to be met
- ◆ Desirable attributes enhanced a bidder's proposal but would not serve to disqualify
- ◆ The four remaining NM vendors met the minimum requirements
- ◆ UCOP Benefits Office staff & consultants performed an in-depth review of all written proposals



Minimum requirements in RFP

- ◆ **Minimum requirements - overall**
 - **Minimum HMO membership of 25,000 or combined HMO & POS membership of 50,000 in NM**
 - **Minimum of 75 combined HMO & POS group contracts in NM**
 - **Minimum of 100,000 covered lives nationwide**

Minimum requirements in RFP (more)



◆ Minimum requirements - POS

- POS product in NM
- 1 NM POS client with > 2000 members for > 1 year (desirable)
- POS operational for at least 2 years (desirable)
- Network in place in Albuquerque, Española, Los Alamos and Santa Fe regions in NM and Clark County in Nevada (desirable)
- Maintain malpractice liability of minimum of \$1,000,000 per occurrence; \$40,000,000 aggregate

Minimum requirements in RFP (more)



- ◆ **Minimum requirements - POS (continued)**
 - **Maintain general liability coverage of minimum of \$1,000,000 per occurrence; \$25,000,000 aggregate**
 - **Require providers to maintain minimum malpractice liability of \$1,000,000 per occurrence; \$3,000,000 aggregate**

Minimum requirements in RFP (more)



- ◆ **Minimum requirements - HMO**
 - **HMO product in NM**
 - **1 NM HMO client with > 2000 members for > 1 year (desirable)**
 - **HMO operational for at least 2 years (desirable)**
 - **Network in place in Albuquerque, Española, Los Alamos and Santa Fe regions in NM and Clark County in Nevada (desirable)**
 - **Same malpractice liability requirements as POS**

22 HMO/Medicare Risk Scoring categories



- ◆ **General**
- ◆ **Organizational Structure & Experience**
- ◆ **Communications Materials**
- ◆ **Implementation**
- ◆ **Eligibility**
- ◆ **Member Services**
- ◆ **Cobra Administration**

22 HMO /Medicare Risk Scoring categories (more)



- ◆ **Utilization management**
 - Commercial HMO
 - Medicare risk
- ◆ **Referral management**
 - Commercial HMO
 - Medicare risk
- ◆ **Provider network**
 - Commercial HMO
 - Medicare risk

22 HMO /Medicare Risk Scoring categories (more)



- ◆ **Provider reimbursement**
 - Commercial HMO
 - Medicare risk
- ◆ **Care management**
 - Commercial HMO
 - Medicare risk
- ◆ **Claim administration**

22 HMO /Medicare Risk Scoring categories (more)



- ◆ **Care management**
 - **Commercial HMO**
 - **Medicare risk**
- ◆ **Quality**
 - **Commercial HMO**
 - **Medicare risk**



15 POS scoring categories

- ◆ **General**
- ◆ **Organizational structure and experience**
- ◆ **Communication materials**
- ◆ **Implementation**
- ◆ **Eligibility**
- ◆ **Member services**
- ◆ **Cobra administration**
- ◆ **Utilization management**



15 POS scoring categories (more)

- ◆ Referral management
- ◆ Provider network
- ◆ Provider reimbursement
- ◆ Care management
- ◆ Claim administration
- ◆ Quality
- ◆ Reporting
- ◆ POS premiums and financial



Oral interviews

- ◆ **Since there were only 4 bidders (contrasted with the last California RFP which had 19 bidders), all 4 received oral interviews**
- ◆ **Participants**
 - **Michele French, UCOP Benefits**
 - **Eileen Raney, Deloitte & Touche (consultant)**
 - **Mike Baker and Rosella Atencio-Gerst, LANL**
 - **Jeannette Harroun, UCOP Lab. Admin. Office**



Oral interviews (more)

- ◆ **Standard set of questions and vendor-specific questions, as appropriate**
- ◆ **Approximately 1 1/2 hours per interview**
- ◆ **We asked for information on many issues, including**
 - **Customer service capability**
 - **Systems and claims capability**
 - **Care management**



Oral interviews (more)

- ◆ **Asked for bidders' views on health care issues in general and particularly in Los Alamos County**
- ◆ **Any of the bidder's written responses to the RFP which were unclear or contradictory were addressed in the oral interviews**
- ◆ **UCOP, the consultants, and LANL participants unanimously selected Blue Cross/Blue Shield New Mexico and Presbyterian as finalists for site visits**



Site visits

- ◆ **UCOP benefits and consultants, UCOP & LANL participants went to bidder's facilities in Albuquerque, NM, for on-site review of vendors' systems and capabilities**
- ◆ **Consultants with special expertise in claims & utilization processes joined the group**



Site visits - elements reviewed

- ◆ **Claims processing, including coding input and analysis**
- ◆ **Data collection and management**
- ◆ **Eligibility processes**
- ◆ **Hiring and training criteria for staff**
- ◆ **Workflow management**
- ◆ **Fiscal controls**
- ◆ **Provider network management & ability to work with local providers**
- ◆ **Utilization review**
- ◆ **Referral management and case management**
- ◆ **Customer service**
- ◆ **Quality assurance programs**



Site visits - elements reviewed

- ◆ **A standard set of 190 questions were used to validate vendor strengths and weaknesses in care management and quality programs**
- ◆ **Additional questions developed as reviewers met with staff who would support the 1998 plan and processes**



Last best offers & negotiations

- ◆ **Elements included issues of**
 - **Performance guarantees**
 - » **Plan implementation**
 - » **Customer service**
 - » **Claims turnaround/accuracy**
 - » **Network management**
 - » **Employee satisfaction**
 - » **Coverage for out-of-state & out-of-area employees/retirees**
 - » **HEDIS* measures of preventive services**

*Health Employer Data Information Set - a set of industry-standard performance measures relating to procedures and preventive care

Last best offers & negotiations (more)



- ◆ **Pricing**
- ◆ **Finalists were asked for**
 - **Extensive additional analysis of network access**
 - **Options for LANL employees and retirees living inside and outside of NM**
- ◆ **In the interest of stability**
 - **Finalists asked for 2nd and 3rd year caps on medical plan rate increases on a fully-insured program**

Results: Blue Cross/Blue Shield NM HMO and POS



- ◆ **Effective January 1998, Blue Cross/Blue Shield New Mexico will offer LANL employees and retirees**
 - Fully-insured HMO option
 - Fully-insured POS option
- ◆ **Implications**
 - Plans will fall under the jurisdiction of the NM State Insurance Commission
 - \$ risk will belong to vendor



Next steps

- ◆ **Between now and the November, 1997, open enrollment, LANL and BCBS will be supplying additional information on the two plans and their respective benefits**
- ◆ **Summary spreadsheets and booklets from BCBS are planned for distribution in mid-October**



Next steps (more)

- ◆ **We will provide initial set of provider directories to LANL Benefits Office & BCBS will keep them informed of updates**
- ◆ **Employee contributions/premiums will be published in the September/October 1997 time frame when UC employer contribution benchmarks are established**



Next steps (more)

- ◆ **UC will finalize the 1998 annual employer contribution level and the resulting member contributions for the POS or HMO plans by the end of September 1997**
- ◆ **Rates offered by BCBS-NM are based on their existing contractual arrangements with providers, including those in Los Alamos**
 - **Any material changes in those reimbursement agreements, either up or down, will increase or decrease the 1998 premiums for the POS and HMO plans.**



Questions?

Send email to: **Health@lanl.gov**

Call: **667 1806**

Use this URL address to access LANL HC information:

<http://www.hr.lanl.gov/html/benefits/>

*Look for “**1998 Health Care Information**”*